

2013-2014 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1274/P2ins  
JK:eev:jm

Except that the federal credit is 10 percent of the qualified rehabilitation expenses

Insert A

The bill also allows a person to claim a credit equal to 10 percent of the qualified rehabilitation expenses for qualified rehabilitated buildings, as defined under the federal Internal Revenue Code, located in this state. The credit is similar to the federal credit for rehabilitating a building that was first placed in service before 1936.

Insert 2 -1

- 1            **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).  
2            **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:  
3            44.02 (24) (b) Approve the rehabilitation for which credits may be claimed  
4            under ss. 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and 3.  
5            and charge a fee for the approvals.

Insert 3 -3

- 6            **SECTION 3.** 71.07 (9m) (a) 3. of the statutes is created to read:  
7            71.07 (9m) (a) 3. For taxable years beginning after December 31, 2012, and  
8            before January 1, 2023, any person may claim as a credit against taxes otherwise due  
9            under s. 71.02, up to the amount of those taxes, an amount equal to 10 percent of the  
10           costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the  
11           Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47  
12           (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of  
13           the person's qualified rehabilitation expenditures is at least \$50,000 and the  
14           rehabilitated property is placed in service after December 31, 2012, and before  
15           January 1, 2023.  
16           **SECTION 4.** 71.07 (9m) (c) of the statutes is renumbered 71.07 (9m) (c) (intro.)  
17           and amended to read:

1           71.07 (9m) (c) (intro.) No person may claim the credit under this subsection  
2 unless the claimant includes with the claimant's return ~~evidence~~ any of the  
3 following:

4           1. Evidence that the rehabilitation was recommended by the state historic  
5 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
6 before the physical work of construction, or destruction in preparation for  
7 construction, began and that the rehabilitation was approved by the secretary of the  
8 interior under 36 CFR 67.6.

History: 1987 a. 312; 1987 a. 411 ss. 63, 79 to 82, 85, 86; 1987 a. 419, 422; 1989 a. 31, 44, 56, 100, 359; 1991 a. 39, 269, 292; 1993 a. 16, 112, 204, 471, 491; 1995 a. 27 ss. 3377m to 3393m, 9116 (5); 1995 a. 209, 227, 400, 453; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9, 10, 32; 1999 a. 150 s. 672; 1999 a. 198; 2001 a. 16, 109; 2003 a. 72, 99, 135, 183, 255, 267, 326; 2005 a. 25, 49, 72, 74, 97, 177, 254, 361, 387, 479, 483, 487; 2007 a. 11, 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 15, 32, 67, 212, 213, 232, 237; 2011 a. 264 s. 80; s. 35.17 correction in (2dr) (a), (5n) (a) (intro.).

9           **SECTION 5.** 71.07 (9m) (c) 2. of the statutes is created to read:

10           71.07 (9m) (c) 2. Evidence that the taxpayer obtained the state historical  
11 society's written approval for the rehabilitation before the physical work of  
12 construction, or destruction in preparation for construction, began.

**Insert 4 -5**

13           **SECTION 6.** 71.28 (6) (a) 3. of the statutes is created to read:

14           71.28 (6) (a) 3. For taxable years beginning after December 31, 2012, and before  
15 January 1, 2023, any person may claim as a credit against taxes otherwise due under  
16 s. 71.23, up to the amount of those taxes, an amount equal to <sup>5</sup>10 percent of the costs  
17 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
18 Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1)  
19 of the Internal Revenue Code, on property located in this state, if the cost of the  
20 person's qualified rehabilitation expenditures is at least \$50,000 and the  
21 rehabilitated property is placed in service after December 31, 2012, and before  
22 January 1, 2023.

SECTION 7. 71.28 (6) (c) of the statutes is renumbered 71.28 (6) (c) (intro.) and amended to read:

71.28 (6) (c) (intro.) No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence any of the following:

1. Evidence that the rehabilitation was recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for construction, began and that the rehabilitation was approved by the secretary of the interior under 36 CFR 67.6.

History: 1987 a. 312; 1987 a. 411 ss. 88, 130 to 139; 1987 a. 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292; 1993 a. 16, 112, 232, 491; 1995 a. 2; 1995 a. 27 ss. 3399r to 3404c, 9116 (5); 1995 a. 209, 227; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 401; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 s. 80; s. 35.17 correction in (1dm) (a) 1.

SECTION 8. 71.28 (6) (c) 2. of the statutes is created to read:

71.28 (6) (c) 2. Evidence that the taxpayer obtained the state historical society's written approval for the rehabilitation before the physical work of construction, or destruction in preparation for construction, began.

**Insert 5 -7**

SECTION 9. 71.47 (6) (a) 3. of the statutes is created to read:

71.47 (6) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 10 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the

5

rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 10.** 71.47 (6) (c) of the statutes is renumbered 71.47 (6) (c) (intro.) and amended to read:

71.47 (6) (c) (intro.) No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence any of the following:

1. Evidence that the rehabilitation was recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for construction, began and that the rehabilitation was approved by the secretary of the interior under 36 CFR 67.6.

History: 1987 a. 312, 411, 422; 1989 a. 31, 44, 56, 100, 336, 359; 1991 a. 39, 292, 315; 1993 a. 16, 112; 1995 a. 27 ss. 3407m to 3412m, 9116 (5); 1995 a. 209, 227, 417; 1997 a. 27, 41, 237, 299; 1999 a. 5, 9; 2001 a. 16; 2003 a. 72, 99, 135, 255, 267, 326; 2005 a. 25, 74, 97, 361, 387, 452, 479, 483, 487; 2007 a. 20, 96, 97, 100; 2009 a. 2, 11, 28, 180, 185, 265, 267, 269, 276, 294, 295, 332, 402; 2011 a. 3, 15, 32, 67, 212, 213, 232, 237; 2011 a. 260 ss. 80, 81.

**SECTION 11.** 71.47 (6) (c) 2. of the statutes is created to read:

71.47 (6) (c) 2. Evidence that the taxpayer obtained the state historical society's written approval for the rehabilitation before the physical work of construction, or destruction in preparation for construction, began.

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/P2dn

JK:eev:jm

date

Stays

Representative Weininger:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the email I received from Kirsten on Monday, February 18, 2013.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: joseph.kreye@legis.wisconsin.gov

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1274/P2dn

JK:eev:jm

February 19, 2013

Representative Weininger:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on the email I received from Kirsten on Monday, February 18, 2013.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
E-mail: [joseph.kreye@legis.wisconsin.gov](mailto:joseph.kreye@legis.wisconsin.gov)



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-1274/PZ

JK:eev:jm

Stacy RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

in Friday 2-22

due Friday  
3-1

re gene

1 **AN ACT to renumber 44.02 (24); to renumber and amend 71.07 (9m) (a), 71.07**  
2 **(9m) (c), 71.28 (6) (a), 71.28 (6) (c), 71.47 (6) (a) and 71.47 (6) (c); and to create**  
3 **44.02 (24) (b), 71.07 (9m) (a) 2., 71.07 (9m) (a) 3., 71.07 (9m) (c) 2., 71.07 (9m)**  
4 **(h), 71.28 (6) (a) 2., 71.28 (6) (a) 3., 71.28 (6) (c) 2., 71.28 (6) (h), 71.47 (6) (a) 2.,**  
5 **71.47 (6) (a) 3., 71.47 (6) (c) 2. and 71.47 (6) (h) of the statutes; relating to:**  
6 **increasing the amount of the supplement to the federal historic rehabilitation**  
7 **tax credit.**

***Analysis by the Legislative Reference Bureau***

Under current law, a person may claim an income and franchise tax credit for 5 percent of the qualified rehabilitation expenditures, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989. The credit is a supplement to the federal tax credit for 20 percent of the qualified rehabilitation expenditures for certified historic structures. The federal credit, and the supplemental state credit, apply to nonresidential real property and residential rental property.

Under this bill, a person may claim an income and franchise tax credit for 20 percent of the qualified rehabilitation expenses, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this

state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

The bill also allows a person to claim a credit equal to 5 percent of the qualified rehabilitation expenses for qualified rehabilitated buildings, as defined under the federal Internal Revenue Code, located in this state. The credit is similar to the federal credit for rehabilitating a building that was first placed in service before 1936, except that the federal credit is 10 percent of the qualified rehabilitation expenses.

Under the bill, the Department of Revenue, in conjunction with the State Historical Society, must submit a report to the Joint Committee on Finance (JCF), no later than June 30, 2018, describing the economic impact of the tax credits and making a recommendation as to whether the tax credits should continue. The recommendation, however, may be implemented only upon approval of JCF.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1       **SECTION 1.** 44.02 (24) of the statutes is renumbered 44.02 (24) (a).

2       **SECTION 2.** 44.02 (24) (b) of the statutes is created to read:

3       44.02 (24) (b) Approve the rehabilitation for which credits may be claimed  
4       under ss. 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and 3.  
5       and charge a fee for the approvals.

6       **SECTION 3.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and  
7       amended to read:

8       71.07 (9m) (a) 1. Any For taxable years beginning before January 1, 2013, any  
9       person may credit against taxes otherwise due under this chapter, up to the amount  
10      of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
11      expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
12      historic structures on property located in this state if the physical work of  
13      construction or destruction in preparation for construction begins after December



31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and before January 1, 2013.

**SECTION 4.** 71.07 (9m) (a) 2. of the statutes is created to read:

71.07 (9m) (a) 2. For taxable years beginning after December 31, 2012, and before January 1, 2023 any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 5.** 71.07 (9m) (a) 3. of the statutes is created to read:

71.07 (9m) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.02, up to the amount of those taxes, an amount equal to 5 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 6.** 71.07 (9m) (c) of the statutes is renumbered 71.07 (9m) (c) (intro.)

and amended to read:

1           71.07 (9m) (c) (intro.) No person may claim the credit under this subsection  
2 unless the claimant includes with the claimant's return ~~evidence~~ any of the  
3 following:

4           1. Evidence that the rehabilitation was recommended by the state historic  
5 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
6 before the physical work of construction, or destruction in preparation for  
7 construction, began and that the rehabilitation was approved by the secretary of the  
8 interior under 36 CFR 67.6.

9           **SECTION 7.** 71.07 (9m) (c) 2. of the statutes is created to read:

10           71.07 (9m) (c) 2. Evidence that the taxpayer obtained the state historical  
11 society's written approval for the rehabilitation before the physical work of  
12 construction, or destruction in preparation for construction, began.

13           **SECTION 8.** 71.07 (9m) (h) of the statutes is created to read:

14           71.07 (9m) (h) A person who is eligible to claim the credit under par. (a) 2. or  
15 3. may sell or otherwise transfer the credit to another person who is subject to the  
16 taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department  
17 of the transfer and submits with the notification a copy of the transfer documents.

18           **SECTION 9.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and  
19 amended to read:

20           71.28 (6) (a) 1. Any For taxable years beginning before January 1, 2013, any  
21 person may credit against taxes otherwise due under this chapter, up to the amount  
22 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
23 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
24 historic structures on property located in this state if the physical work of  
25 construction or destruction in preparation for construction begins after December

31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and  
before January 1, 2013.

**SECTION 10.** 71.28 (6) (a) 2. of the statutes is created to read:

71.28 (6) (a) 2. For taxable years beginning after December 31, 2012, and before  
January 1, 2023, any person may claim as a credit against taxes otherwise due under  
s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs  
of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
Revenue Code, for certified historic structures on property located in this state, if the  
cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the  
rehabilitated property is placed in service after December 31, 2012, and before  
January 1, 2023.

**SECTION 11.** 71.28 (6) (a) 3. of the statutes is created to read:

71.28 (6) (a) 3. For taxable years beginning after December 31, 2012, and before  
January 1, 2023, any person may claim as a credit against taxes otherwise due under  
s. 71.23, up to the amount of those taxes, an amount equal to 5 percent of the costs  
of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1)  
of the Internal Revenue Code, on property located in this state, if the cost of the  
person's qualified rehabilitation expenditures is at least \$50,000 and the  
rehabilitated property is placed in service after December 31, 2012, and before  
January 1, 2023.

**SECTION 12.** 71.28 (6) (c) of the statutes is renumbered 71.28 (6) (c) (intro.) and  
amended to read:

1           71.28 (6) (c) (intro.) No person may claim the credit under this subsection  
2 unless the claimant includes with the claimant's return ~~evidence~~ any of the  
3 following:

4           1. Evidence that the rehabilitation was recommended by the state historic  
5 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
6 before the physical work of construction, or destruction in preparation for  
7 construction, began and that the rehabilitation was approved by the secretary of the  
8 interior under 36 CFR 67.6.

9           ~~SECTION 13.~~ 71.28 (6) (c) 2. of the statutes is created to read:

10           71.28 (6) (c) 2. Evidence that the taxpayer obtained the state historical society's  
11 written approval for the rehabilitation before the physical work of construction, or  
12 destruction in preparation for construction, began.

13           ~~SECTION 14.~~ 71.28 (6) (h) of the statutes is created to read:

14           6-12 71.28 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3.  
15 may sell or otherwise transfer the credit to another person who is subject to the taxes  
16 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the  
17 transfer and submits with the notification a copy of the transfer documents.

18           ~~SECTION 15.~~ 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and  
19 amended to read:

20           71.47 (6) (a) 1. Any For taxable years beginning before January 1, 2013, any  
21 person may credit against taxes otherwise due under this chapter, up to the amount  
22 of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
23 expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
24 historic structures on property located in this state if the physical work of  
25 construction or destruction in preparation for construction begins after December

1 31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and  
2 before January 1, 2013.

3 **SECTION 16.** 71.47 (6) (a) 2. of the statutes is created to read:

4 71.47 (6) (a) 2. For taxable years beginning after December 31, 2012, and before  
5 January 1, 2023, any person may claim as a credit against taxes otherwise due under  
6 s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs  
7 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
8 Revenue Code, for certified historic structures on property located in this state, if the  
9 cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the  
10 rehabilitated property is placed in service after December 31, 2012, and before  
11 January 1, 2023.

12 **SECTION 17.** 71.47 (6) (a) 3. of the statutes is created to read:

13 71.47 (6) (a) 3. For taxable years beginning after December 31, 2012, and before  
14 January 1, 2023, any person may claim as a credit against taxes otherwise due under  
15 s. 71.43, up to the amount of those taxes, an amount equal to 5 percent of the costs  
16 of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
17 Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1)  
18 of the Internal Revenue Code, on property located in this state, if the cost of the  
19 person's qualified rehabilitation expenditures is at least \$50,000 and the  
20 rehabilitated property is placed in service after December 31, 2012, and before  
21 January 1, 2023.

22 **SECTION 18.** 71.47 (6) (c) of the statutes is renumbered 71.47 (6) (c) (intro.) and  
23 amended to read:

1           71.47 (6) (c) (intro.) No person may claim the credit under this subsection  
2 unless the claimant includes with the claimant's return evidence any of the  
3 following:

4           1. Evidence that the rehabilitation was recommended by the state historic  
5 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
6 before the physical work of construction, or destruction in preparation for  
7 construction, began and that the rehabilitation was approved by the secretary of the  
8 interior under 36 CFR 67.6.

9           **SECTION 19.** 71.47 (6) (c) 2. of the statutes is created to read:

10           71.47 (6) (c) 2. Evidence that the taxpayer obtained the state historical society's  
11 written approval for the rehabilitation before the physical work of construction, or  
12 destruction in preparation for construction, began.

13           **SECTION 20.** 71.47 (6) (h) of the statutes is created to read:

14           71.47 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3.  
15 may sell or otherwise transfer the credit to another person who is subject to the taxes  
16 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the  
17 transfer and submits with the notification a copy of the transfer documents.

18           **SECTION 21. Nonstatutory provisions.**

19           (1) JOINT FINANCE REVIEW. No later than June 30, 2018, the department of  
20 revenue, in conjunction with the state historical society, shall submit to the joint  
21 committee on finance a report describing the economic impact of the tax credits  
22 under sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and  
23 3. of the statutes, as affected by this act, and shall make a recommendation to the  
24 committee as to whether the tax credits should continue. The report shall also  
25 specify the number and type of claimants who have claimed the credits under

1 sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and 3. of  
2 the statutes, as affected by this act, and the commercial purposes for which the  
3 rehabilitated properties are used. Within 14 working days after the submittal date  
4 of the report, the cochairpersons of the committee shall notify the department of  
5 revenue and the state historical society that the committee has scheduled a meeting  
6 for the purpose of reviewing the recommendation. The recommendation may be  
7 implemented only upon approval of the committee.

8 (END)

**2013-2014 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1274/P3ins  
JK:eev:jm

**Insert 4 - 12**

1           **SECTION 1.** 71.07 (9m) (c) 2. of the statutes is<sup>u</sup> created to read:

2           71.07 (**9m**) (c) 2. Evidence that the taxpayer obtained written certification from  
3 the state historic preservation officer that:

4           a. The property is listed on the national register of historic places in Wisconsin  
5 or the state register of historic places, or is determined by the state historical society  
6 to be eligible for listing on the national register of historic places in Wisconsin or the  
7 state register of historic places, or is located in a historic district <sup>that</sup> ~~which~~ is listed in  
8 the national register of historic places in Wisconsin or the state register of historic  
9 places and is certified by the state historic preservation officer as being of historic  
10 significance to the district, or is an outbuilding of an otherwise eligible property  
11 certified by the state historic preservation officer as contributing to the historic  
12 significance of the property.

13           b. The proposed preservation or rehabilitation plan complies with standards  
14 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation  
15 substantially complies with the proposed plan.

16           c. The costs are not incurred to acquire any building or interest in a building  
17 or to enlarge <sup>an</sup> existing building.

18           d. The costs were not incurred before the state historical society approved the  
19 proposed preservation or rehabilitation plan.

**Insert 6 - 12**

20           **SECTION 2.** 71.28 (6) (c) 2. of the statutes is created to read:

21           71.28 (**6**) (c) 2. Evidence that the taxpayer obtained written certification from  
22 the state historic preservation officer that:



1 a. The property is listed on the national register of historic places in Wisconsin  
2 or the state register of historic places, or is determined by the state historical society  
3 to be eligible for listing on the national register of historic places in Wisconsin or the  
4 state register of historic places, or is located in a historic district <sup>that</sup> which is listed in  
5 the national register of historic places in Wisconsin or the state register of historic  
6 places and is certified by the state historic preservation officer as being of historic  
7 significance to the district, or is an outbuilding of an otherwise eligible property  
8 certified by the state historic preservation officer as contributing to the historic  
9 significance of the property.

10 b. The proposed preservation or rehabilitation plan complies with standards  
11 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation  
12 substantially complies with the proposed plan.

13 c. The costs are not incurred to acquire any building or interest in a building  
14 or to enlarge <sup>an</sup> existing building.

15 d. The costs were not incurred before the state historical society approved the  
16 proposed preservation or rehabilitation plan.

**Insert 8 - 12**

17 **SECTION 3.** 71.47 (6) (c) 2. of the statutes is created to read:

18 71.47 (6) (c) 2. Evidence that the taxpayer obtained written certification from  
19 the state historic preservation officer that:

20 a. The property is listed on the national register of historic places in Wisconsin  
21 or the state register of historic places, or is determined by the state historical society  
22 to be eligible for listing on the national register of historic places in Wisconsin or the  
23 state register of historic places, or is located in a historic district <sup>that</sup> which is listed in

1 the national register of historic places in Wisconsin or the state register of historic  
2 places and is certified by the state historic preservation officer as being of historic  
3 significance to the district, or is an outbuilding of an otherwise eligible property  
4 certified by the state historic preservation officer as contributing to the historic  
5 significance of the property.

6 b. The proposed preservation or rehabilitation plan complies with standards  
7 promulgated under s. 44.02<sup>✓</sup> (24) and the completed preservation or rehabilitation  
8 substantially complies with the proposed plan.

9 c. The costs are not incurred to acquire any building or interest in a building  
10 or to enlarge<sup>an</sup> existing building.

11 d. The costs were not incurred before the state historical society approved the  
12 proposed preservation or rehabilitation plan.

**Kreye, Joseph**

1274

**From:** Seeman, Kirsten  
**Sent:** Friday, February 22, 2013 1:56 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Historic property tax credits

Joe:

I have received comments back on the historic tax credit bill.

So, if we could change the fee-making authority, and also make these suggested changes:

We suggest that sections 7, 13, and 19 be rewritten to make them similar to the language in the existing state homeowners tax credit. This will streamline implementation of the law since it will allow owners to use an existing administrative code that parallels the federal process. It also makes the application process easier for applicants since it provides a familiar process that owners are already using and also allows the same application process for projects that utilize the homeowners credit on one portion of a building and the income-producing credit in another portion.

Rewrite Sections 7, 13, and 19

[Insert statutory reference here] Evidence that the taxpayer obtained written certification from the state historic preservation officer that

a. 71.07(9r)(b)3.a. The property is listed on the national register of historic places in Wisconsin or the state register of historic places, or is determined by the state historical society to be eligible for listing on the national register of historic places in Wisconsin or the state register of historic places, or is located in a historic district which is listed in the national register of historic places in Wisconsin or the state register of historic places and is certified by the state historic preservation officer as being of historic significance to the district, or is an outbuilding of an otherwise eligible property certified by the state historic preservation officer as contributing to the historic significance of the property.

71.07(9r)(b)3.b. b. The proposed preservation or rehabilitation plan complies with standards promulgated under s. 44.02 (24) and the completed preservation or rehabilitation substantially complies with the proposed plan.

71.07(9r)(b)6. c. The costs are not incurred to acquire any building or interest in a building or to enlarge existing building.

71.07(9r)(b)7. d. The costs were not incurred before the state historical society approved the proposed preservation or rehabilitation plan.

Thanks!

Kirsten Seeman  
Research Assistant  
Office of Representative Chad Weininger  
4<sup>th</sup> Assembly District  
125 West, State Capitol  
608-266-1184 / [kirsten.seeman@legis.wi.gov](mailto:kirsten.seeman@legis.wi.gov)

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**From:** Kreye, Joseph  
**Sent:** Thursday, February 21, 2013 9:55 AM  
**To:** Seeman, Kirsten  
**Subject:** RE: Historic property tax credits

Absolutely. Do you want me to make the change now or should I wait?

---

**From:** Seeman, Kirsten  
**Sent:** Thursday, February 21, 2013 9:46 AM  
**To:** Kreye, Joseph  
**Subject:** RE: Historic property tax credits

Could we take that portion of the draft out, if they already have the authority to do this?

Kirsten Seeman  
Research Assistant  
Office of Representative Chad Weininger  
4<sup>th</sup> Assembly District  
125 West, State Capitol  
608-266-1184 / [kirsten.seeman@legis.wi.gov](mailto:kirsten.seeman@legis.wi.gov)

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**From:** Kreye, Joseph  
**Sent:** Thursday, February 21, 2013 9:44 AM  
**To:** Seeman, Kirsten  
**Subject:** Historic property tax credits

Kirsten,

As a follow up to our conversation earlier, the state historical society does have authority, under s. 44.015 (5), to impose fees related to the rehabilitation credits:

"44.015 (5) By rule, establish fees to recover costs under s. 44.02 (24)." [s. 44.02 (24) provides for certifying expenditures for the credits]

I must have missed this when I did a cross-reference check.

Joe

**Joseph T. Kreye**  
Senior Legislative Attorney  
Legislative Reference Bureau  
608 266 2263



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-127473

JK:eev:jm

RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

2013 BILL

in 2-25-13

wooley

Regen

AN ACT *to renumber and amend* 71.07 (9m) (a), 71.07 (9m) (c), 71.28 (6) (a),  
71.28 (6) (c), 71.47 (6) (a) and 71.47 (6) (c); and *to create* 71.07 (9m) (a) 2., 71.07  
(9m) (a) 3., 71.07 (9m) (c) 2., 71.07 (9m) (h), 71.28 (6) (a) 2., 71.28 (6) (a) 3., 71.28  
(6) (c) 2., 71.28 (6) (h), 71.47 (6) (a) 2., 71.47 (6) (a) 3., 71.47 (6) (c) 2. and 71.47  
(6) (h) of the statutes; **relating to:** increasing the amount of the supplement to  
the federal historic rehabilitation tax credit.

***Analysis by the Legislative Reference Bureau***

Under current law, a person may claim an income and franchise tax credit for 5 percent of the qualified rehabilitation expenditures, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if construction begins after December 31, 1988, and the rehabilitated property is placed in service after June 30, 1989. The credit is a supplement to the federal tax credit for 20 percent of the qualified rehabilitation expenditures for certified historic structures. The federal credit, and the supplemental state credit, apply to nonresidential real property and residential rental property.

Under this bill, a person may claim an income and franchise tax credit for 20 percent of the qualified rehabilitation expenses, as defined under the federal Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

The bill also allows a person to claim a credit equal to 5 percent of the qualified rehabilitation expenses for qualified rehabilitated buildings, as defined under the federal Internal Revenue Code, located in this state. The credit is similar to the federal credit for rehabilitating a building that was first placed in service before 1936, except that the federal credit is 10 percent of the qualified rehabilitation expenses.

Under the bill, the Department of Revenue, in conjunction with the State Historical Society, must submit a report to the Joint Committee on Finance (JCF), no later than June 30, 2018, describing the economic impact of the tax credits and making a recommendation as to whether the tax credits should continue. The recommendation, however, may be implemented only upon approval of JCF.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1       **SECTION 1.** 71.07 (9m) (a) of the statutes is renumbered 71.07 (9m) (a) 1. and  
2       amended to read:

3       71.07 (**9m**) (a) 1. ~~Any~~ For taxable years beginning before January 1, 2013, any  
4       person may credit against taxes otherwise due under this chapter, up to the amount  
5       of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
6       expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
7       historic structures on property located in this state if the physical work of  
8       construction or destruction in preparation for construction begins after December  
9       31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and  
10      before January 1, 2013.

11       **SECTION 2.** 71.07 (9m) (a) 2. of the statutes is created to read:

12       71.07 (**9m**) (a) 2. For taxable years beginning after December 31, 2012, and  
13       before January 1, 2023 any person may claim as a credit against taxes otherwise due  
14       under s. 71.02, up to the amount of those taxes, an amount equal to 20 percent of the  
15       costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the

1 Internal Revenue Code, for certified historic structures on property located in this  
2 state, if the cost of the person's qualified rehabilitation expenditures is at least  
3 \$50,000 and the rehabilitated property is placed in service after December 31, 2012,  
4 and before January 1, 2023.

5 **SECTION 3.** 71.07 (9m) (a) 3. of the statutes is created to read:

6 71.07 (9m) (a) 3. For taxable years beginning after December 31, 2012, and  
7 before January 1, 2023, any person may claim as a credit against taxes otherwise due  
8 under s. 71.02, up to the amount of those taxes, an amount equal to 5 percent of the  
9 costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the  
10 Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47  
11 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of  
12 the person's qualified rehabilitation expenditures is at least \$50,000 and the  
13 rehabilitated property is placed in service after December 31, 2012, and before  
14 January 1, 2023.

15 **SECTION 4.** 71.07 (9m) (c) of the statutes is renumbered 71.07 (9m) (c) (intro.)  
16 and amended to read:

17 71.07 (9m) (c) (intro.) No person may claim the credit under this subsection  
18 unless the claimant includes with the claimant's return evidence any of the  
19 following:

20 1. Evidence that the rehabilitation was recommended by the state historic  
21 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
22 before the physical work of construction, or destruction in preparation for  
23 construction, began and that the rehabilitation was approved by the secretary of the  
24 interior under 36 CFR 67.6.

25 **SECTION 5.** 71.07 (9m) (c) 2. of the statutes is created to read:

1           71.07 (9m) (c) 2. Evidence that the taxpayer obtained written certification from  
2 the state historic preservation officer that:

3           a. The property is listed on the national register of historic places in Wisconsin  
4 or the state register of historic places, or is determined by the state historical society  
5 to be eligible for listing on the national register of historic places in Wisconsin or the  
6 state register of historic places, or is located in a historic district that is listed in the  
7 national register of historic places in Wisconsin or the state register of historic places  
8 and is certified by the state historic preservation officer as being of historic  
9 significance to the district, or is an outbuilding of an otherwise eligible property  
10 certified by the state historic preservation officer as contributing to the historic  
11 significance of the property.

12           b. The proposed preservation or rehabilitation plan complies with standards  
13 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation  
14 substantially complies with the proposed plan.

15           c. The costs are not incurred to acquire any building or interest in a building  
16 or to enlarge an existing building.

17           d. The costs were not incurred before the state historical society approved the  
18 proposed preservation or rehabilitation plan.

19           **SECTION 6.** 71.07 (9m) (h) of the statutes is created to read:

20           71.07 (9m) (h) A person who is eligible to claim the credit under par. (a) 2. or  
21 3. may sell or otherwise transfer the credit to another person who is subject to the  
22 taxes imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department  
23 of the transfer and submits with the notification a copy of the transfer documents.

24           **SECTION 7.** 71.28 (6) (a) of the statutes is renumbered 71.28 (6) (a) 1. and  
25 amended to read:



1           71.28 (6) (a) 1. ~~Any~~ For taxable years beginning before January 1, 2013, any  
2           person may credit against taxes otherwise due under this chapter, up to the amount  
3           of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
4           expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
5           historic structures on property located in this state if the physical work of  
6           construction or destruction in preparation for construction begins after December  
7           31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and  
8           before January 1, 2013.

9           **SECTION 8.** 71.28 (6) (a) 2. of the statutes is created to read:

10          71.28 (6) (a) 2. For taxable years beginning after December 31, 2012, and before  
11          January 1, 2023, any person may claim as a credit against taxes otherwise due under  
12          s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs  
13          of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
14          Revenue Code, for certified historic structures on property located in this state, if the  
15          cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the  
16          rehabilitated property is placed in service after December 31, 2012, and before  
17          January 1, 2023.

18          **SECTION 9.** 71.28 (6) (a) 3. of the statutes is created to read:

19          71.28 (6) (a) 3. For taxable years beginning after December 31, 2012, and before  
20          January 1, 2023, any person may claim as a credit against taxes otherwise due under  
21          s. 71.23, up to the amount of those taxes, an amount equal to 5 percent of the costs  
22          of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal  
23          Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1)  
24          of the Internal Revenue Code, on property located in this state, if the cost of the  
25          person's qualified rehabilitation expenditures is at least \$50,000 and the

1 rehabilitated property is placed in service after December 31, 2012, and before  
2 January 1, 2023.

3 **SECTION 10.** 71.28 (6) (c) of the statutes is renumbered 71.28 (6) (c) (intro.) and  
4 amended to read:

5 71.28 (6) (c) (intro.) No person may claim the credit under this subsection  
6 unless the claimant includes with the claimant's return ~~evidence~~ any of the  
7 following:

8 1. Evidence that the rehabilitation was recommended by the state historic  
9 preservation officer for approval by the secretary of the interior under 36 CFR 67.6  
10 before the physical work of construction, or destruction in preparation for  
11 construction, began and that the rehabilitation was approved by the secretary of the  
12 interior under 36 CFR 67.6.

13 **SECTION 11.** 71.28 (6) (c) 2. of the statutes is created to read:

14 71.28 (6) (c) 2. Evidence that the taxpayer obtained written certification from  
15 the state historic preservation officer that:

16 a. The property is listed on the national register of historic places in Wisconsin  
17 or the state register of historic places, or is determined by the state historical society  
18 to be eligible for listing on the national register of historic places in Wisconsin or the  
19 state register of historic places, or is located in a historic district that is listed in the  
20 national register of historic places in Wisconsin or the state register of historic places  
21 and is certified by the state historic preservation officer as being of historic  
22 significance to the district, or is an outbuilding of an otherwise eligible property  
23 certified by the state historic preservation officer as contributing to the historic  
24 significance of the property.

1           b. The proposed preservation or rehabilitation plan complies with standards  
2           promulgated under s. 44.02 (24) and the completed preservation or rehabilitation  
3           substantially complies with the proposed plan.

4           c. The costs are not incurred to acquire any building or interest in a building  
5           or to enlarge an existing building.

6           d. The costs were not incurred before the state historical society approved the  
7           proposed preservation or rehabilitation plan.

8           **SECTION 12.** 71.28 (6) (h) of the statutes is created to read:

9           71.28 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3.  
10          may sell or otherwise transfer the credit to another person who is subject to the taxes  
11          imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the  
12          transfer and submits with the notification a copy of the transfer documents.

13          **SECTION 13.** 71.47 (6) (a) of the statutes is renumbered 71.47 (6) (a) 1. and  
14          amended to read:

15          71.47 (6) (a) 1. Any For taxable years beginning before January 1, 2013, any  
16          person may credit against taxes otherwise due under this chapter, up to the amount  
17          of those taxes, an amount equal to 5% of the costs of qualified rehabilitation  
18          expenditures, as defined in section 47 (c) (2) of the internal revenue code, for certified  
19          historic structures on property located in this state if the physical work of  
20          construction or destruction in preparation for construction begins after December  
21          31, 1988, and the rehabilitated property is placed in service after June 30, 1989, and  
22          before January 1, 2013.

23          **SECTION 14.** 71.47 (6) (a) 2. of the statutes is created to read:

24          71.47 (6) (a) 2. For taxable years beginning after December 31, 2012, and before  
25          January 1, 2023, any person may claim as a credit against taxes otherwise due under

s. 71.23, up to the amount of those taxes, an amount equal to 20 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for certified historic structures on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 15.** 71.47 (6) (a) 3. of the statutes is created to read:

71.47 (6) (a) 3. For taxable years beginning after December 31, 2012, and before January 1, 2023, any person may claim as a credit against taxes otherwise due under s. 71.43, up to the amount of those taxes, an amount equal to 5 percent of the costs of qualified rehabilitation expenditures, as defined in section 47 (c) (2) of the Internal Revenue Code, for qualified rehabilitated buildings, as defined in section 47 (c) (1) of the Internal Revenue Code, on property located in this state, if the cost of the person's qualified rehabilitation expenditures is at least \$50,000 and the rehabilitated property is placed in service after December 31, 2012, and before January 1, 2023.

**SECTION 16.** 71.47 (6) (c) of the statutes is renumbered 71.47 (6) (c) (intro.) and amended to read:

71.47 (6) (c) (intro.) No person may claim the credit under this subsection unless the claimant includes with the claimant's return evidence any of the following:

1. Evidence that the rehabilitation was recommended by the state historic preservation officer for approval by the secretary of the interior under 36 CFR 67.6 before the physical work of construction, or destruction in preparation for

1 construction, began and that the rehabilitation was approved by the secretary of the  
2 interior under 36 CFR 67.6.

3 **SECTION 17.** 71.47 (6) (c) 2. of the statutes is created to read:

4 71.47 (6) (c) 2. Evidence that the taxpayer obtained written certification from  
5 the state historic preservation officer that:

6 a. The property is listed on the national register of historic places in Wisconsin  
7 or the state register of historic places, or is determined by the state historical society  
8 to be eligible for listing on the national register of historic places in Wisconsin or the  
9 state register of historic places, or is located in a historic district that is listed in the  
10 national register of historic places in Wisconsin or the state register of historic places  
11 and is certified by the state historic preservation officer as being of historic  
12 significance to the district, or is an outbuilding of an otherwise eligible property  
13 certified by the state historic preservation officer as contributing to the historic  
14 significance of the property.

15 b. The proposed preservation or rehabilitation plan complies with standards  
16 promulgated under s. 44.02 (24) and the completed preservation or rehabilitation  
17 substantially complies with the proposed plan.

18 c. The costs are not incurred to acquire any building or interest in a building  
19 or to enlarge an existing building.

20 d. The costs were not incurred before the state historical society approved the  
21 proposed preservation or rehabilitation plan.

22 **SECTION 18.** 71.47 (6) (h) of the statutes is created to read:

23 71.47 (6) (h) A person who is eligible to claim the credit under par. (a) 2. or 3.  
24 may sell or otherwise transfer the credit to another person who is subject to the taxes

1 imposed under s. 71.02, 71.23, or 71.43, if the person notifies the department of the  
2 transfer and submits with the notification a copy of the transfer documents.

3 **SECTION 19. Nonstatutory provisions.**

4 (1) JOINT FINANCE REVIEW. No later than June 30, 2018, the department of  
5 revenue, in conjunction with the state historical society, shall submit to the joint  
6 committee on finance a report describing the economic impact of the tax credits  
7 under sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and  
8 3. of the statutes, as affected by this act, and shall make a recommendation to the  
9 committee as to whether the tax credits should continue. The report shall also  
10 specify the number and type of claimants who have claimed the credits under  
11 sections 71.07 (9m) (a) 2. and 3., 71.28 (6) (a) 2. and 3., and 71.47 (6) (a) 2. and 3. of  
12 the statutes, as affected by this act, and the commercial purposes for which the  
13 rehabilitated properties are used. Within 14 working days after the submittal date  
14 of the report, the cochairpersons of the committee shall notify the department of  
15 revenue and the state historical society that the committee has scheduled a meeting  
16 for the purpose of reviewing the recommendation. The recommendation may be  
17 implemented only upon approval of the committee.

18 (END)

# Memo

To: Representative **Weininger**

(The Draft's Requester)

**Per your request ... the attached fiscal estimate was prepared for your un-introduced 2013 session draft.**

**LRB Number: LRB-1274**

**Version: “/1”**

**Fiscal Estimate Prepared By: (agency abbr.) DOR**

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

**Entered In Computer And Copy Sent To Requester Via E-Mail: 03 / 08 / 2013**

**\* \* \* \* \***

**To: LRB – Legal Section PA's**

**Subject:** *Fiscal Estimate Received For An Un-introduced Draft*

**> If re-drafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file “guts” ... after the draft's old version (the version that this fiscal estimate was based on), and just before re-draft of the updated version.

**> If introduced ...** please make sure the attached fiscal estimate is for the **current version** ... write the draft's new introduction number below and give this packet to Mike (or Lori) to re-process the fiscal estimate (w/intro. number included).

**THIS DRAFT WAS INTRODUCED AS: 2013** AB - 147

**Barman, Mike**

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**From:** Barman, Mike  
**Sent:** Friday, March 08, 2013 8:18 AM  
**To:** Rep.Weininger  
**Cc:** Seeman, Kirsten  
**Subject:** LRB-1274/1 (un-introduced) (FE by DOR - attached - for your review)



FE-1274\_DOR.PDF

**Drafter: JK**  
**Subject: Tax, Business – credits**

**Mike Barman (Lead Program Assistant)**

State of Wisconsin - Legislative Reference Bureau - Legal Section - Front Office

1 East Main Street, Suite 200, Madison, WI 53703

(608) 266-3561 / [mike.barman@legis.wisconsin.gov](mailto:mike.barman@legis.wisconsin.gov)